

TESTIMONY

Before the

HOUSE COMMITTEE ON AGRICULTURE

Regarding

2002 FEDERAL FARM PROGRAM AFFECTS

FORMULATION OF 2007 FARM BILL

Submitted by

DAVID W. HOWELL

FARM OWNER AND OPERATOR

July 24, 2006

Good morning, Mr. Chairman and members of the committee. I am David Howell, a farmer from Middletown, Indiana. I am pleased to have the opportunity to share some thoughts with you on the 2007 Farm Bill.

After 35 years as an active farmer and after having received my formal education in agricultural economics and particularly farm policy; I have studied, experienced and sometimes been the victim of more Farm Bills than I care to remember. All made with good intentions, all politically and probably practically necessary, but given the immensity and diversity of U.S agriculture and the world in which we live at least a few mistakes have been made. It goes without saying, given my profession, that I am an optimist – given my years, a pragmatic optimist would probably be most accurate.

Although a new era is promised with each new Farm Bill's passage, I think over the next ten years agriculture may truly be headed for a new economic era, a paradigm shift caused by energy requirements/needs and energy security.

The economic realization that has driven Farm Bill discussions, development and passage for years are going to change dramatically by the time the 2007 Farm Bill is ready to be replaced.

Full time family farms have been the political focal point of U.S. Farm Bills through the generations and they should continue to be. Everyone in the room will have a slightly or grossly different definition of a full-time family farm. Whatever the definition, they are nearly always good. They are the foundation of rural America. They are the school board, the church, the county government, the small towns' biggest customer, the bank, and the community's strongest volunteer. Whatever you gentlemen and ladies do with the 2007 Farm Bill, it should be done with the well being of the nation's full-time family farms in mind.

Toward that end, one of the, I believe, unintended consequences of the 2002 Farm Bill was the negative consequence of a provision restricting the planting of fruits and vegetables (FAV) for processing on program acres. The next Farm Bill needs to correct

this error by allowing FAV to be grown on program acres without losing potential base acres for future programs.

My family and I grow a few thousand acres of traditional corn and soybeans, as well as 800 acres of FAV, 350 acres of tomatoes for processing and the balance is watermelons, pumpkins and sweet corn for the fresh market. Our business is made up of four separate sole-proprietorships; one, my wife and I, two, our son Adam and his wife, three, our son Aaron and future daughter-in-law, and four, our daughter Audrey and her husband Mike Behrendt. From our economic point of view, we are still a small full-time family farm operating at a level required to provide a modest income for four college educated families. All four entities are growth, efficiency and profitability oriented and understand well the need to expand our business. We derive in excess of 50% of our gross revenue and an even larger percentage of the profits from FAV production.

I understand at least partially, the near-sighted protectionist attitude and the regional politics that brought about this major change in the FAV rules which became a part of the 2002 FSRI Act. I truly believe, however, that the unintended consequences were not understood by most legislators when the act was passed

This Act limits the entry of young farmers into the business and threatens the success and possible expansions of existing producers. As it stands, I am being protected from my sons and my son-in-law. This provision acts as a limit on their entering FAV production. The oldest son has only a small history of FAV production from the years under the prior Farm Bill, 1996-2001, and the other two have no history because they were in high school and college during this period. To take the problem a step further, you may say, "Why don't I rent my ground to the other three entities and let them use the farm history?" This is partially possible, but I am already competing with them for suitable rented land because my current land base has been intensely used for FAV and

needs to be rotated to other crops. The only alternative is to not rotate, and thus be required to use higher and higher rates of insecticide, fungicides and bactericides and still achieve production that is well below the land's potential. You may also say, "Why don't we incorporate and they could share in the corporate operation?" There are a number of reasons why this would not work, but the one relevant here is; that as it stands now, the two of us who have FAV production histories would lose our history and the corporation would not have any history either.

The act restricts diversification of existing farms. My wife and I did not always raise FAV. In the beginning, it was only the traditional Midwest corn, soybeans and hogs. In the farm depression of the early 1980's, had it not been for our ability to diversify and start producing FAV and with the help of our children selling our production in multiple retail markets and wholesale, I would not be here today in this role.

Since those early 1980's, diversification has been touted as the key to survival of the family farm and I would completely agree. That, however, is not what the current Farm Bill says. It says plant contract crops, corn, soybeans or wheat, or we will not support you. In fact, we will fine you for diversifying into other crops and we will diminish the value of land you farm by reducing revenue generating crop bases on your land for future years.

The current Farm Bill provision damages and limits the ability of older farmers to pass on their life's work, assets and experiences. No one needs a \$250,000 used tomato harvester or any of the associated equipment if they cannot start growing tomatoes on equal competitive footing with existing growers.

Instead of possible new producers needing to learn the keys and secrets to providing higher value FAV crops they will need to learn how to play the government payment game.

The current provision damages and limits the landowner. The Farm Bill, as it stands, threatens the landowner's assets as well as the value and earning power of the land. It prevents competitive bidding for the lease of the land for FAV from honorable producers. It presents the possibility for less than honorable FAV producers to rent land from unsuspecting landowners, plant FAV and lower the crop bases and earning power on that farm for future years.

The FAV production history of 1996-2001, in a proprietorship, in almost every situation belongs to the husband. Two years ago one of our neighbors and fellow tomato growers at our particular tomato processor was killed in a tractor accident. His wife and son, who had worked alongside him for years, were told the next winter by the Farm Service Agency, they had no tomato growing history and they nor their large, major landlord would not be allowed to participate in the farm program if they continued to raise tomatoes.

Clearly these unintended or possibly intended FAV rules as they stand are protectionist. They are damaging the Midwest canned and frozen food industry and gradually the entire industry because California will not feel the pressure from the Midwest to maintain their competitive edge. Ultimately, it will damage consumers through higher prices and the country's food security network, first, through concentrated production regionally and second, by ultimately losing the industry to other countries.

In a time when my non-farm neighbor can anonymously try to buy my productive farmland, destroy the tile drainage, dig holes in it and call it a wetland to enhance the land he wants to sell for houses while the Farm Bill pays for both the land and the holes—

In a time when the hobbyist and the extremely wealthy non-farmer can take farm support payments and criticize me for getting too much –

In a time when I can't get out of bed in the morning without breaking some government body's rule or regulation; this one small change to the next Farm Bill, which, by the way, the Congressional Budget Office says will have a positive budget effect, would be a significant help to many full-time family farmers.

David W. Howell

12261 South, County Road 600 West

Middletown, Indiana 47356 Ph. 765-759-7432

EDUCATION

Purdue University

B.S. Agricultural Economics

M.S. Agricultural Economics

EMPLOYMENT

Howell Farms 1972 – Present

Founder and Co-Owner

Established first generation family farming business

Facilitated acreage growth from 300 to 5000 acres

Collaborated in conversion to non-traditional, large-scale fruit and vegetable production, packing, shipping and marketing to national and international retailers

Instituted direct to consumer retail produce sales

Agropecuaria Howell 2000 – Present

Co-Owner

Traveled to Brazil

Evaluated current and future agricultural industry climate in conjunction with other family members

Endorsed development of family agricultural business in Bahia, Brazil

Presented overview and rationale for South American agricultural operations to Indiana and Missouri Farm Bureau conventions

PROFESSIONAL DEVELOPMENT

Served as delegate to French-American Foundation symposium, Paris and Toulouse, France

Attended and authored presentation for Foundation Agri-Days II

Family has received three Red Gold Master Grower Awards

Received Reichart Award – for excellence and service in the tomato industry

Served as Hosts for

Indiana Farm Management Tour

Purdue University Department of Agriculture Faculty Tour

Mike Pence Congressional Town Hall Meetings

Royal Netherlands Agricultural Minister Midwest Tour

United States Deputy Secretary of Agriculture Midwest Tour

State Department of Commerce International Agriculture Tour

Designated as Honorary Commissioners of Agriculture, State of Indiana

Represented Indiana on American Farm Bureau Federation YFR committee

COMMUNITY SERVICE

First Merchants Bank – former member board of directors

Delaware Metropolitan Plan Commission – member, former chairman

Governor's Strategic Plan for Indiana Agriculture – committee member

Farm Policy Study Committee – member

Crossroads Lutheran Church Historical Preservation Society – founder and Chairman of the Board

